



STATE OF MICHIGAN

JENNIFER GRANHOLM  
GOVERNOR

DEPARTMENT OF COMMUNITY HEALTH

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**A REPORT TO COMPLY WITH THE REQUIREMENTS IN SECTION 269(4)  
OF PUBLIC ACT 330**

Section 269 of Public Act 330 had sought to incorporate responsibility and reimbursement for antipsychotic drugs into the Medicaid Specialty Prepaid Inpatient Health Plans (PIHP), and to bring antidepressant prescriptions into the rates and under the management of the Medicaid Health Plans.

The provisions of Section 269 were premised on assumption that Congress would extend the Medicaid drug manufacturer's rebate program (which requires pharmaceutical manufacturers to pay state Medicaid programs rebates for covered outpatient drugs reimbursed through the Medicaid agency) to Medicaid Managed Care Organizations (MCOs), such as the PIHPs and Medicaid Health Plans. Under current federal law, manufacturers are **not** required to pay rebates to MCOs that cover prescription drugs. The proposed statutory changes that would have extended manufacturers' rebates to MCOs were not enacted nor seem likely to be enacted by Congress in FY2007. Hence, no state action has been taken to implement the provisions of Section 269 of Public Act 330.

In recognition of this situation (i.e., that federal approval or statutory changes necessary for implementation of Section 269 does not seem likely in FY 06-07), the Legislature recently passed, and sent to the Governor, House Enrolled Bill No. 4493. The bill removes the funding appropriated to CMHSPs and Health Plans for specific psychotropic drugs, and transfers this funding to the pharmaceutical line of the Medical Services Administration.